



U.S. Department of the Interior
Office of Inspector General

SURVEY REPORT

FOLLOWUP OF RECOVERY OF IRRIGATION INVESTMENT COSTS, BUREAU OF RECLAMATION

REPORT NO. 98-I-250
FEBRUARY 1998



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

FEB 13 1998

MEMORANDUM

TO: The Secretary

FROM: Robert J. Williams *Robert J. Williams*
Acting Inspector General

SUBJECT SUMMARY: Final Survey Report for Your Information - "Followup of Recovery of Irrigation Investment Costs, Bureau of Reclamation" (No. 98-I-250)

Attached for your information is a copy of the subject final report. The objective of the survey was to determine whether the Bureau of Reclamation had satisfactorily implemented the recommendations made in our October 1989 report "Review of the Timely Recovery of Irrigation Investment Costs, Bureau of Reclamation" (No. 90-05) and whether any new recommendations were warranted.

Under Bureau policy, irrigation assistance, that is, the repayment by power users of the irrigation construction costs deemed by the Bureau to be beyond the ability of the water users to pay, is recovered after the repayment of the power investment. In our 1989 report, we concluded that as a result of this policy, an estimated \$1.2 billion of additional revenues (with a present value of \$415 million) would not be collected over the repayment periods of the respective projects. During our current review, we found that the Bureau had not taken the actions needed to accelerate the recovery of interest-free irrigation assistance costs concurrent with the interest-bearing power investment. This occurred because (1) the Bureau had not revised its irrigation assistance repayment policy based on the advice it received from the Office of the Solicitor and (2) the Congress did not enact the 1990 legislation proposed by the Department of Energy and supported by the Bureau that would have allowed for the concurrent repayment of irrigation assistance and the power investment. Since the Bureau did not revise its irrigation assistance policies and because of the extensive information and work required from the Western Area Power Administration, we did not update the amounts summarized in our 1989 report.

We made three recommendations to address the issue of irrigation assistance. Based on the response from the Assistant Secretary for Water and Science, we considered the recommendations unresolved and requested that the Assistant Secretary reconsider its position on the recommendations.

If you have any questions concerning this matter, please contact me at (202) 208-5745.

Attachment



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OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

FEB 13 1998

SURVEY REPORT

Memorandum

To: Assistant Secretary for Water and Science

From: Robert J. Williams *Robert J. Williams*
Acting Inspector General

Subject: Survey Report on Follow-up of Recovery of Irrigation Investment Costs,
Bureau of Reclamation (No. 98-I-250)

INTRODUCTION

This report presents the results of our **followup** survey of recommendations presented in our October 1989 report "Review of the Timely Recovery of Irrigation Investment Costs, Bureau of Reclamation" (No. 90-05).¹ The objective of the **followup** review was to determine whether the Bureau of Reclamation had satisfactorily implemented recommendations in the prior report and whether any new recommendations were warranted.

BACKGROUND

The Bureau was established in 1902 to develop and manage water-related resources, including multipurpose projects that benefit water and power users in 17 western **states**.² Since 1902, the Bureau has constructed an infrastructure of water projects and related facilities throughout these states. Currently, Bureau projects include 343 storage dams and reservoirs, 58 hydroelectric power plants, and 54,550 miles of canals and other conveyance and distribution facilities. The Bureau is the largest wholesaler of water in the United States and delivers irrigation and municipal and industrial water to more than 30 million people.

¹The 1989 report summarized the results of our review of the Bureau's Pacific Northwest Region, which included the Columbia Basin Project, and three prior audit reports: "Review of the Timely Recovery of Irrigation Investment Costs - Pick-Sloan Missouri Basin Program, Bureau of Reclamation (No. 89-94)," issued in July 1989; "Review of the Timely Recovery of Irrigation Investment Costs - Colorado River Storage Project, Bureau of Reclamation (No. 89-67)," issued in April 1989; and "Review of the Timely Recovery of Irrigation Investment Costs - Central Arizona Project, Bureau of Reclamation (No. 89-03)," issued in October 1988.

²**Bureau** projects are located in Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

The Bureau is the sixth largest power producer in the West: in fiscal year 1996, its 58 power plants generated more than 53 billion kilowatt hours of electrical **energy**.³

The costs of Bureau projects are allocated or assigned to specific project purposes and are generally classified as reimbursable or nonreimbursable. The costs assigned to flood control, recreation, and navigation are primarily nonreimbursable; that is, the costs are not repaid by specific project beneficiaries but are borne by the general taxpayer. The costs assigned to power production and to irrigation and municipal and industrial water supply are reimbursable, and water and power users enter into contracts with the Bureau for repayment of these costs before project construction begins. The costs assigned to the power and municipal and industrial water supply purposes of the project are interest bearing, while the costs assigned to the irrigation purpose are interest **free**. In addition, irrigation water users are required to repay only that portion of the irrigation investment that is within their ability to pay, as determined by the **Bureau**.⁴ The remainder of the irrigation investment is repaid by the power users through power sales by the Department of Energy's power marketing administrations. This repayment by the power users is known as irrigation assistance. Under current Bureau and power marketing administration policy, the payment of the interest-free irrigation assistance is deferred until power users have repaid the power investment.

In October 1989, the **Office** of Inspector General issued the audit report "Review of the Timely Recovery of Irrigation Investment Costs, Bureau of Reclamation" (No. 90-05), which addressed the financial impact on the U.S. Treasury of the Bureau's irrigation repayment policy. The report found that the Bureau's policy of delaying the payment of irrigation assistance until after repayment of the power investment was not a sound business practice and resulted in substantially reduced revenues to the U.S. Treasury. The report noted that Section 5 of the Flood Control Act of 1944 required the sale of power "in such manner as to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business principles." The report stated that the policy of repaying the interest-bearing debt first was developed by the Bureau and the Federal power marketing administrations to provide for recovery of all investment costs within authorized repayment periods while minimizing power rates to the extent possible. However, the policy did not provide for consistency with sound business principles, as required by the Flood Control Act. The report concluded that recovery of irrigation assistance in equal annual installments concurrent with the recovery of the power investment would increase revenues to the U.S. **Treasury** by an estimated \$2.1 billion **while** requiring only minor increases in consumer power costs. Regarding consumer power costs, the report stated that, for the **Pick-Sloan Missouri Program**, the average monthly bill for a residential user whose primary heating source is electric would increase by about \$2.00 to accommodate the increase. The present value of the increased revenues gained from the accelerated recovery of the irrigation

³A kilowatt-hour is a basic unit of electrical energy that equals 1 kilowatt of power (a kilowatt is equal to 1,000 watts or about 1.34 horsepower) applied for 1 hour.

⁴**Ability to pay** is the principle of pricing goods or services on the basis of family income or some other measure of financial capability rather than on the basis of benefits received.

debt was calculated at \$415 million.⁵ The report recommended that the Bureau obtain legal advice from the Solicitor as to whether Congressional action was needed for revising the irrigation assistance repayment policy to require recovery of the interest-free irrigation assistance in equal annual installments (straight-line amortization basis) over individual project or unit repayment periods concurrent with repayment of the interest-bearing debt. The report also recommended that the Bureau, consistent with this advice, either revise the policy or propose legislation to revise the policy.

In its response to our report, the Bureau stated, “The issue of timely recovery of irrigation costs . . . [was] of sufficient importance to pursue.” The Bureau subsequently asked for Solicitors’ opinions on whether Congressional action was required to revise its policy to require recovery of irrigation assistance concurrent with recovery of the power investment for the Pick-Sloan Missouri Basin Program, the Colorado River Storage Project, and the Federal Columbia River Power System. In its response, the Bureau also stated that the Central Arizona Project should not be included because the Assistant Secretary for Policy, Management and Budget agreed with the Bureau that straight-line amortization was not appropriate for this project.

On March 16, 1990, a field solicitor advised the Bureau’s Great Plains Region that the straight-line amortization method could not be implemented for the Pick-Sloan Missouri Basin Program without Congressional approval. In an April 5, 1990, memorandum, the Bureau supported legislation proposed by the Department of Energy that required concurrent repayment of irrigation assistance and power investment. On July 2, 1990, the Assistant Secretary for Policy, Management and Budget notified the Bureau and the Inspector General by memorandum that the Assistant Secretary was satisfied that the intent of both audit recommendations had been met. The Assistant Secretary stated:

Given the Solicitor’s opinion, and the proposed legislation and BOR’s [Bureau of Reclamation’s] support of it, I am satisfied that the intent of both audit recommendations has been met. Consequently, by copy of this memorandum, I am notifying the Commissioner of Reclamation that no further action is required of BOR on either recommendation.

SCOPE OF SURVEY

The scope of this review consisted primarily of discussions with Bureau officials and a review of pertinent documents, including applicable Solicitors’ opinions; memoranda to and from the Assistant Secretary for Policy, Management and Budget, the Assistant Secretary for Water and Science, and the Commissioner of Reclamation; and legislation proposed by the Department of Energy. Because the scope of this review was limited to the concurrent repayment aspects of irrigation assistance, we did not examine the Bureau’s internal controls,

⁵Present value is a financial term referring to the time value of money, which recognizes that interest on money makes \$1 earned in the future worth less than \$1 earned today. For example, assuming an interest rate of 8 percent, \$1 due in 10 years is worth only **\$.46** today.

although we reviewed the Department's Annual Report on Accountability for fiscal year 1996 and determined that there were no reported weaknesses within the scope of our review.

RESULTS OF SURVEY

The Bureau of Reclamation has not taken the actions necessary to accelerate recovery of irrigation assistance concurrent with the power investment. The Flood Control Act of 1944 requires the sale of power at the lowest possible rate consistent with sound business principles. In addition, the General Accounting Office has issued two reports subsequent to our 1989 audit report that noted the benefits to the Federal Government of concurrent repayment of irrigation assistance. We found that, although the Bureau requested and received advice from the Office of the Solicitor, it had not revised its policy for the repayment of irrigation assistance based on the advice received and that, although the Bureau supported the legislation proposed by the Department of Energy, the Congress did not enact the legislation. As a result of the delayed repayment, the value of the irrigation investment recovered by the Bureau will be substantially reduced because the Federal Government has to wait longer to receive its money, thus providing an additional subsidy to irrigation, the cost of which will be unnecessarily borne by the general taxpayers rather than by project beneficiaries. We estimated in 1989 that concurrent recovery of the interest-free irrigation assistance could increase revenues to the U.S. Treasury by \$2.1 billion (which has a present value of \$415 million) over the various repayment periods.

Proposed Legislation

In 1990, the Department of Energy proposed legislation intended, in part, to place all power repayment obligations, including irrigation assistance, on a straight-line amortization basis, with interest. The proposal stated:

The purpose of this legislation . . . [was] to place the repayment practices of . . . power marketing administrations on a more businesslike basis by establishing a regular schedule for retiring the Federal investment.

In an April 5, 1990, memorandum to the Department of the Interior's Legislative Counsel, the Acting Commissioner of Reclamation expressed the Bureau's support of the legislation. Specifically, the memorandum stated:

Reclamation supports the timely recovery of repayment obligations as being consistent with administration policy and good business practices. If enacted, the Department of Energy's proposed legislation would accomplish this goal.

However, the proposed legislation was not enacted, and similar legislation was not proposed for consideration in subsequent legislative sessions.

Solicitors' Opinions

In a January 29, 1990, memorandum to the Bureau's Upper Colorado Region, the Regional Solicitor, Intermountain Region, stated that revenues in the Upper Colorado River Basin Fund⁶ collected in connection with the operation of the four initial units of the Colorado River Storage Project could, without further Congressional action, be paid annually to the general fund of the U.S. Treasury to repay the construction costs of participating project irrigation facilities. The July 2, 1990, audit resolution memorandum from the Assistant Secretary for Policy, Management and Budget did not address the January 29, 1990, Solicitor's opinion, which stated that the Bureau could initiate concurrent repayment of the irrigation assistance and the power investment for the participating projects of the Colorado River Storage Project without Congressional approval. Notwithstanding the Solicitor's opinion, the Bureau did not revise its policy for repayment of irrigation assistance on this project.

In regard to the Pick-Sloan Missouri Basin Program, a March 16, 1990, memorandum from the Field Solicitor for the Office of the Solicitor's Pacific Northwest Region stated that "the straight-line amortization method . . . [could] not be implemented for PSMBP [Pick-Sloan Missouri Basin Program] without Congressional approval." A preliminary undated opinion from the Field Solicitor in Boise, Idaho, stated that straight-line amortization could be implemented for the Federal Columbia River Power System but that "in view of the legislative background, Congress should first be advised of the change before it is implemented." However, we found no record of final issuance of this preliminary opinion or Bureau action to implement the opinion.

General Accounting Office Reports

The benefit to the Government of concurrent repayment of irrigation assistance and the power investment was discussed in two General Accounting Office reports. The first report, "Bureau of Reclamation: Information on Allocation and Repayment of Costs of Constructing Water Projects" (No. GAO/RCED-96-109), issued in July 1996, noted that irrigation assistance from power users reduced the value of the reimbursements the Government received over the repayment period. The report stated:

In repaying a project's construction costs, power revenues annually deposited in the Treasury are typically applied **first** to the payment of the power users' interest-bearing repayment obligation. Once the interest-bearing obligation has been repaid, revenues are accumulated for repayment of the **non-interest-bearing** irrigation assistance. As such, irrigation assistance is typically credited in a lump sum at or near the end of the irrigators' normal repayment

⁶The Upper Colorado River Basin Fund was established by the Colorado River Storage Project Act of April 11, 1956 (Public Law 84-485), Section 5, to repay the costs of constructing, operating, and maintaining the four initial storage units constructed as part of the Colorado River Storage Project and the participating projects. The four initial storage units were the Wayne N. Aspinall (formerly Curecanti), the Flaming Gorge, the Navajo, and the Glen Canyon Units.

value of the funds received by the federal government, which effectively has to wait longer to get its money, is reduced. In contrast, irrigators repay their allocated construction costs in a continuous stream of payments over the repayment period.

The General Accounting Office report did not make any recommendations.

In the second report, "Power Marketing Administrations: Cost Recovery, Financing, and Comparison to Nonfederal Utilities" (No. GAO /AIMD-96-145), issued in September 1996, the General Accounting Office addressed the recovery of power-related costs and the extent to which power-related projects were subsidized by the Federal Government. The report stated, "The financing subsidies were about \$200 million in fiscal year 1995 . . . [and] the cumulative financing subsidy over the last 30 years has been several billion dollars." The subsidies resulted from Department of Energy policies requiring that power marketing administrations pay off high-interest appropriated debt first while retaining low- and no-interest debt. In citing a power marketing administration that had approximately \$1.5 billion in outstanding irrigation debt as of September 30, 1995, to be repaid without interest, the report stated:

The repayment period for the irrigation debt could be up to 60 years **after** completion of construction -- up to a 10-year development period plus a 50-year repayment period. Because DOE's [Department of Energy's] repayment policies require PMAs [power marketing administrations] to repay their highest interest rate debt first (unless lower interest-bearing debt is at the end of its repayment period, in which case it would be paid first), the irrigation debt, at zero percent interest, will generally not be repaid until the end of its repayment period.

The report did not contain any recommendations.

Conclusion

We recognize that the cooperation of the Department of Energy's power marketing administrations would facilitate proposing legislation requiring concurrent repayment of irrigation assistance and power investment and believe that such cooperation should be forthcoming based on the stated policy of the power marketing administrations to develop rates that are consistent with applicable laws and are the lowest consistent with sound business principles.⁷ To that end, we noted that this policy was reiterated in oversight hearings on accounting practices for Federal power marketing administrations held in September 1996 by a House Subcommittee on Water and Power Resources. The Subcommittee Chairman stated:

⁷Final Rule for Filing Requirements and Procedures for Approving the Rates of Federal Power Marketing Administrations, as published in the *Federal Register*, Vol. 49, No. 120, Wednesday, June 20, 1984.

Under the Flood Control Act of 1944 and subsequent authorizing legislation, the PMAs [power marketing administrations] are charged with marketing power at the lowest rate *consistent with sound business principles*. [Emphasis added.]

In our opinion, the policy of allowing the irrigation assistance assigned to power to be repaid with discounted future dollars at the end of the project repayment period provides a subsidy to the power users. The effect of this policy is to shift the burden of repaying the past and current irrigation assistance to future power users and the cost of the delayed repayment of irrigation assistance to all taxpayers, including those who receive no direct benefit from the projects.

Because of the magnitude of the increased revenues which could be gained from accelerated recovery (estimated in 1989 at \$2.1 billion with a present value of \$415 million⁸) and the fact that the 1990 legislation was not enacted, we believe that the Bureau should actively pursue the changes in policy and legislation necessary to allow recovery of irrigation assistance concurrent with the power investment and not defer action because the action involves other Federal agencies or requires Congressional approval. We believe that this would be consistent with the Bureau's Mission Objective III, "Business Practices and Productivity Objective, " contained in its Final Strategic Plan for 1997-2002, dated September 30, 1997. Strategy 14, "Financial Management, " under that objective states, in part, that the "desired outcome is to satisfy Reclamation's obligations to the Treasury and the American taxpayers" and that "Reclamation must ensure that policies, contractual arrangements, and rate structures will lead to: recovery of outstanding capital costs owed to the United States." We also believe that concurrent repayment of irrigation assistance would be in consonance with the Commissioner's plan for attaining the Bureau's stated vision, which provides for "implementing innovative, sound business practices with timely and cost-effective, measurable results. "

Recommendations

We recommend that the Commissioner, Bureau of Reclamation, direct appropriate officials to:

1. Revise the irrigation assistance repayment policy for the participating projects of the Colorado River Storage Project to require recovery of the irrigation assistance in equal annual installments over the individual projects' or units' repayment periods concurrent with the repayment of power investment.
2. Request a final opinion from the Office of the Solicitor as to whether the repayment policy for the Federal Columbia River Power System projects can be revised to allow concurrent recovery of irrigation assistance without Congressional approval. If consistent with the Solicitor's opinion, the irrigation assistance repayment policy for the

⁸Because the Bureau had not changed its policies for the recovery of irrigation assistance, we did not request the Department of Energy's power marketing **administrations** to update the amounts summarized in our 1989 report.

Federal Columbia River Power System should be revised to allow the recovery of irrigation assistance in equal annual installments concurrent with recovery of the power investment. Further, the Congress should be advised of the change before it is implemented. If it is determined that the Bureau needs Congressional approval before revising the repayment policy for the Federal Columbia River Power System then this project should be included in the legislation proposed under Recommendation 3.

3. Propose, in cooperation with the Department of Energy's power marketing agencies, legislation to allow the recovery of irrigation assistance in equal annual installments concurrent with the recovery of the power investment for all applicable projects.

Assistant Secretary for Water and Science Response and Office of Inspector General Reply

The November 17, 1997, response (Appendix 1) to our **draft** report from the Assistant Secretary for Water and Science did not concur with our three recommendations. Based on the response, we consider all three recommendations unresolved (Appendix 2).

The response stated that "this is not the appropriate time for the Bureau of Reclamation to pursue the recommendations in the report." In that regard, the response stated that it found "no direction by the Congress since the passage of the Reclamation Act of 1902 regarding the payment of irrigation assistance that requires revision of the irrigation assistance repayment policy. " The response further stated, "Existing policy on this issue is based on legislative provisions and legal opinions of the Solicitor which provide for the marketing of power at the lowest rate consistent with the orderly repayment of all power costs."

We do not agree that the Bureau requires specific direction from the Congress to revise its irrigation assistance repayment policy on all projects. As stated in our report (page IO), guidance provided by the Office of the Solicitor indicates that concurrent recovery of irrigation investment for the Colorado River Storage Project and the Columbia Basin Project is allowed and that the Bureau needs only to inform the Congress before the change is implemented on the Columbia Basin Project. However, the Bureau has not taken appropriate actions to revise the policy for these projects.

We agree that the irrigation assistance policy is based on legislative provisions and related opinions of the Office of the Solicitor and that the policy has evolved over a period of years. However, the legislative guidance also states that the orderly repayment of all power costs should be in accordance with sound business practices and that the Government's financial interests should be protected. For example, the Flood Control Act required the sale of power at the lowest possible rate consistent with sound business principles. We believe that the current policy for the recovery of irrigation investment costs assigned to power, which allows repayment at the end of the repayment period, is not based on sound business principles.

In addition, the Reclamation Projects Act of 1939, an act that addressed the water users' ability to pay, allowed variable repayment of irrigation construction costs depending on the

agricultural conditions that would “protect adequately the financial interest of the United States in said projects.” Although the concept of variable repayment based on a decline in agricultural income was allowed, the Act did not authorize methods of repayment that would lessen the amount payable by the water users or that would reduce the value of the repayment dollars received during the repayment period.

Further, the Bureau, on occasion, has revised its policies within current legislative authorities to address changing circumstances. For example, in hearings for its fiscal year 1997 appropriations, the Bureau stated that it had revised its policies and procedures for indexing, reviewing, and reporting the cost ceilings of individual projects to the Congress. The Bureau stated that it had undertaken the revision in response to the Office of Inspector General audit report “Cost Increases Incurred on the Hoover Dam Visitor Facilities Program, Bureau of Reclamation” (No. 94-I-915), issued in July 1994.

The response also stated that the Congress was currently debating deregulation of the electric utility industry and that if deregulation occurred, “implementing the recommendations could add an additional ‘stranded cost’ which could adversely affect the marketing of Federal hydropower and place the orderly repayment of Federal power facilities and the repayment of the irrigation assistance at risk.” The response did not, however, contain information to support the Bureau’s concerns about the adverse affects of the increased costs on the marketing of Federal hydropower and repayment of the Federal investment. As reported in the audit report “Review of the Timely Recovery of Irrigation Investment Costs” (No. 90-05), issued in October 1989, we believe that the future rate increases which would be required to cover straight-line amortization (concurrent recovery) are relatively small and would not significantly affect the consumers’ monthly electric bills because the cost of purchasing Federal power is only one of several costs, such as labor, equipment, or infrastructure, incurred by utilities that make up consumers’ bills. Consequently, additional information and details are needed on the adverse impact of concurrent recovery and on why it would be inappropriate to pursue implementation of the recommendations during deregulation.

In accordance with the Departmental Manual (360 DM 5.3), we are requesting a written response to this report by March 20, 1998. The response should provide the information requested in Appendix 2.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings, actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the assistance of Bureau of Reclamation personnel in the conduct of our audit.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20230

NOV 17 1997

MEMORANDUM

To: Office of Inspector General
Attention: Assistant Inspector General for Audits

From: Patricia J. Beneke *Patricia J. Beneke*
Assistant Secretary Water and Science

Subject: Draft Audit Report on Followup of Recovery of Irrigation Investment Costs, Bureau of Reclamation, September 1997 (No. W-IN-BOR-004-96)

We appreciate the opportunity to review the subject audit report. We will continue to cooperate with and support the power marketing administrations in the administration of the Nation's national resources consistent with the intent of the Congress as established by law. At this time, the Department does not concur with the recommendations in the subject audit report. We find no direction by the Congress since the passage of the Reclamation Act of 1902 regarding the repayment of irrigation assistance that requires revision of the irrigation assistance repayment policy. Existing policy on this issue is based on legislative provisions and legal opinions of the Solicitor which provide for the marketing of power at the lowest rate consistent with the orderly repayment of all power costs.

The Congress is currently debating the deregulation of the electric utility industry. If deregulation occurs, ~~implementing the~~ recommendations could add an additional "stranded cost" which could adversely affect the marketing of Federal hydropower and place the orderly repayment of Federal power facilities and the repayment of the irrigation assistance at risk. Given the possibility of deregulation and the current dynamic nature of the electricity market, we conclude that this is not the appropriate time for the Bureau of Reclamation to pursue the recommendations in the report.

The Department further supports the following comments provided by Reclamation on the subject audit report at the exit conference. Reclamation offers the following comment with regard to the discussion at the exit conference on July 23, 1997. The Director of Reclamation's Program Analysis Office is quoted as stating that Reclamation's nonconcurrency with all of the recommendations was based upon a conclusion that concurring "... would increase power rates." This is not an accurate summary of his position. As was stated at the conference, Reclamation opposes straight-line amortization at this time for the reasons stated above.

Please contact Luis Maez at (303) 236-3289, extension 245, if you have any questions or if additional information is required.

STATUS OF AUDIT REPORT RECOMMENDATIONS

Finding/ Recommendation Reference	Status	Action Required
1, 2, and 3	Unresolved.	Reconsider the recommendations. If concurrence is indicated, provide action plans that include target dates and titles of the officials responsible for implementation. If nonconcurrence is indicated, provide reasons for the nonconcurrence, including specific information on the impact of concurrent recovery of irrigation assistance on power rates and on the appropriate time to implement the recommendations.

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